GOVERNMENT OF TAMIL NADU

TAMIL NADU

AVGC-XR POLICY 2026

INFORMATION TECHNOLOGY & DIGITAL SERVICES DEPARTMENT

TAMIL NADU
AVGC-XR POLICY 2026

Information Technology and Digital Services Department

GOVERNMENT OF TAMIL NADU

Thiru. M.K. Stalin
Hon'ble Chief Minister,
Tamil Nadu

"Tamil Nadu provides platforms for creative drive and mentorship. It is an opportunity for one to rule the world. The Tamil Nadu government also aims to create a world-class environment that nurtures innovation, supports content creation and equips young talent with future-ready skills in the AVGC-XR sector"

Dr P Thiaga Rajan

Hon'ble Minister for Information Technology & Digital Services, Tamil Nadu

Tamil Nadu has reached a pivotal stage where technology policy prioritizes depth, quality, and long-term value creation over scale alone. From pioneering India's creative and movie industry to leading in manufacturing, technology, and innovation, we blend tradition and modernity to power our USD 1 trillion economy ambition.

The Animation, Visual Effects, Gaming, Comics, and Extended Reality (AVGC-XR) sector is our catalyst for this evolution—a serious contributor to innovation, digital capability, and economic growth. Converging creative talent with frontier technologies like AI and advanced computing, AVGC-XR drives transformation across education, skilling, healthcare, industrial design, tourism, enterprise solutions, digital twins, and advanced manufacturing.

Tamil Nadu is primed for AVGC-XR dominance. Our manufacturing leadership integrates seamlessly with a vibrant ecosystem of innovative artists, AI-savvy engineers, researchers, startups, and world-class institutions—making Chennai and regions statewide the ideal hub for talent, production, and breakthroughs.

Under the leadership of Hon'ble Chief Minister Thiru M.K. Stalin—whose commitment to technology-led development, infrastructure expansion, and inclusive growth lays the foundation—the Government of Tamil Nadu launches the AVGC-XR Policy.

This policy emerges from two years of close collaboration with Tamil Nadu's AVGC-XR industry—a rare model where government and stakeholders jointly crafted every aspect. This forward-looking framework builds enduring capacity through structured skill development, industry-academia collaborations, startup/studio support, original IP creation, and an enabling ecosystem for global scaling.

Tamil Nadu has already launched key initiatives, including steps to establish the "ELCOT Viyan AVGC-XR Centre of Excellence" and hosting the India Game Developers Conference. With active partnerships across industry, academia, and creatives, this sector will deliver sustainable jobs, globally relevant output, and lasting economic momentum.

Join us to dream boldly, innovate relentlessly, and forge a future-ready creative economy.

ABSTRACT

Information Technology and Digital Services Department - Announcement made by Hon'ble Minister (Information Technology and Digital Services) in the Tamil Nadu Legislative Assembly during the Budget Session 2023-2024 – Formulation of Tamil Nadu AVGC-XR Policy-2026 – Approved – Orders – Issued.

INFORMATION TECHNOLOGY AND DIGITAL SERVICES (D2) DEPARTMENT

G.O.(Ms.) No.11 **Dated: 12.03.2026**

விசுவாவசு – மாசி – 28
திருவள்ளுவர்ஆண்டு–2057

Read:

From the Managing Director, Electronics Corporation of Tamil Nadu Limited Letter No.FPP/2215404/2025-ELCOT-2, dated 25.10.2025.

ORDER:

The Hon'ble Minister (Information Technology and Digital Services), has made the following Announcement in the Tamil Nadu Legislative Assembly during the Budget Session 2023-24:

Formulation of Tamil Nadu AVGC-XR Policy

அசைவூட்டப் படம் (Animation), காட்சி வெளிப்பாடு (Visual Effects), வேடிக்கையான விளையாட்டு (Gaming & Comics) (AVGC) மற்றும் விரிவாக்கப்பட்ட மெய்நிகர் (Extended Reality – ER) துறையானது, தேசிய அளவில் மிகவும் வேகமான வளர்ச்சியைக் கண்டுவருகிறது. தமிழ்நாட்டில் இத்துறையில் முதலீடு செய்ய நிறுவனங்களை ஈர்க்கும் வகையில் அசைவூட்டப் படம் (Animation), காட்சி வெளிப்பாடு (Visual Effects), வேடிக்கையான விளையாட்டு (Gaming & Comics) மற்றும் விரிவாக்கப்பட்ட மெய்நிகர் (ER) துறைக்கான "AVGC & ER" கொள்கையைத் தமிழ்நாடு அரசு வெளியிடும்.

2. Based on the above Announcement, the Managing Director, Electronics Corporation of Tamil Nadu Limited (ELCOT) has conducted a Stakeholders Consultation Workshop and various consultations for getting inputs for framing the policy. Taking into account of the outcome of the above workshop and those consultations including with Finance Department and various Stakeholder

..2

Departments, draft "Tamil Nadu Animation, Visual Effects, Gaming & Comics – Extended Reality (AVGC-XR) Policy" was prepared by the ELCOT and submitted to Government for approval.

3. The Need for the Policy is as follows:

i. AVGC-XR sector is a key driver of digital innovation with cross-sectoral impact.
ii. Crucially, it represents a future-proof industry where human creativity, emotion and cultural experience remain irreplaceable even as AI advances.
iii. This makes AVGC-XR a domain of high-value, resilient employment.
iv. For Tamil Nadu, this is a strategic opportunity to create a sustainable creative economy through forward-looking interventions, positioning the State as a leader in global value chains.

4. The draft policy was examined by the Government in a greater detail, so as to ensure that all the policy components are implementable and the focus sectors are aligned with the current priorities of the State of Tamil Nadu, including social sector. The draft Policy was benefited with incorporation of remarks of key Stakeholder Departments. It is also ensured that the proposed incentives under the policy are rationalised and structured for ease of administration and are also mapped to the existing incentives provided in various Policies of the Government of Tamil Nadu as available and appropriate.

5. The Government, after careful examination of the draft policy submitted by ELCOT, hereby approve the **"Tamil Nadu AVGC-XR Policy – 2026,** with the following salient features:

<u>Salient features of the Policy:</u>

A. <u>Vision</u>

To position Tamil Nadu as a leading AVGC-XR ecosystem of India and make Tamil Nadu, a global powerhouse in this Sector in terms of trade, content and market recognition.

B. <u>Mission</u>

i. To create a robust AVGC-XR industry ecosystem for attracting investments, nurturing the growth and success of startups and corporations, thereby making the sector a strong contributor in Tamil Nadu's mission towards a $1 trillion economy by 2030.
ii. To facilitate high-end, cutting-edge skilling and job creation.
iii. To undertake proactive and forward-thinking policy measures conducive to improving the ease of doing business and sectoral promotion.

C. Objectives

i. Create a sustainable multiplier effect within the AVGC-XR industry to contribute to the State Government's goal of a $1 trillion economy by 2030.
ii. Attract high-profile AVGC-XR investments including VFX studios to Tamil Nadu, as anchor units.
iii. Support the creation of at least 200 AVGC-XR startups by 2030.
iv. Foster the growth of a minimum of 100 AVGC-XR companies in the state to create a minimum of 20 high-profile companies in terms of revenue.
v. To capture upto 20% of the Indian market, leading to the creation of of 2 Lakh jobs.
vi. Create a skill development ecosystem including Digital Arts Centres in 300-400 colleges, finishing school with world-class trainers and annual hackathons to mobilize talent.
vii. Achieve a minimum of 60% retention and concentration of AVGC-XR talent pool within Tamil Nadu to ensure companies operating in the state have access to a sizeable local talent pool.
viii. Position Tamil Nadu as the AVGC-XR Intellectual Property (IP) Capital of India, contributing at least 20% of the country's original content in AVGC-XR domains.
ix. Position Tamil Nadu as the AVGC-XR Real-time Content Development (RCD) Capital of India, accounting for at least 20% of the research inventions created nationwide.
x. Contribute at least 20% of India's AVGC-XR export revenues by 2030.

D. Policy Period

i. The Tamil Nadu AVGC-XR Policy shall remain in effect for a period of five (5) years from the date of its notification, unless otherwise amended or superseded by the Government of Tamil Nadu.
ii. The policy shall be subject to annual performance reviews to assess progress against defined targets and key performance indicators.
iii. A mid-term review shall be conducted at the end of 2nd year to identify the need for any course corrections, budget reallocation, or programmatic adjustments.

E. Policy priorities and interventions:

- Tamil Nadu has one of the most business-friendly environments in India, as evidenced by its illustrious history of consistently attracting high-profile investments. The Government of Tamil Nadu intends to continue the same approach with AVGC-XR industries through the following interventions and initiatives:

F. Ease of Doing Business and Sector Promotion:

i. ELCOT AVGC-XR Cell

a) Business Facilitation Desk
b) Tamil Nadu AVGC-XR Bridge
- AVGC-XR Business Connect
- AVGC-XR Talent Connect - Skill registry - freelancer registry

c) Business Starter Toolkit for Entrepreneurs
d) Tamil Nadu Single Window Portal

ii. Government as Early Adopter of AVGC-XR in Governance
iii. Establishment of Viyan AVGC-XR Centre of Excellence (CoE) Hub in Chennai.
iv. Introducing AVGC-XR in School Education and Revamping AVGC-XR Courses in Higher Education.
v. Spaces in TIDEL NEO Parks prioritised on needs basis for AVGC-XR companies.
vi. Incentives for AVGC-XR Businesses through AVGC-XR Venture Funds – Tamil Nadu Emerging Sector Seed Fund (TNESSF), Research & Technology Fund (R&T Fund), Startup Funds, IP-Collateralisation and Market Access Incentives.
vii. Naan Mudhalvan – AVGC-XR Inclusive Scholarship Programs and Career Awareness Campaigns
viii. Structured and Special Package of Incentives for AVGC-XR Startups, AVGC-XR MSMEs.
ix. Special and Structured Package of Incentives for Large & Mega Scale AVGC-XR Companies.

G. Policy Implementation Framework

i. Nodal Agency

a) Electronics Corporation of Tamil Nadu Limited (ELCOT) under the Information Technology and Digital Services Department, Government of Tamil Nadu, shall function as the nodal agency for the AVGC-XR sector and implementing this Policy.
b) ELCOT AVGC-XR Cell, will coordinate all Government initiatives and interventions in the sector.

ii. AVGC-XR Steering Committee

a) An AVGC-XR Steering Committee headed by the Principal Secretary to Government, Information Technology & Digital Services Department shall be the apex body to monitor policy implementation, to conduct periodic review, issue clarifications and to remove difficulties, if any, in the interpretation / implementation of the policy.
b) The committee may meet atleast once in six months, (preferably in the months of September and March) or as and when necessary.

6. The detailed Booklet on "**Tamil Nadu AVGC-XR Policy-2026**" is Annexed to this Order.

7. The Managing Director, Electronics Corporation of Tamil Nadu Limited (ELCOT) is responsible for the overall administration of the Policy, who shall monitor the implementation and report the status to Government, periodically.

8. The Tamil Nadu AVGC-XR Policy-2026 comes into force from the date of issue of this order.

9. This order issues with the concurrence of Finance Department vide its e-Office File No. 4/26/2024-IT&DS(D2), dated 12.03.2026.

(BY ORDER OF THE GOVERNOR)

BRAJENDRA NAVNIT
PRINCIPAL SECRETARY TO GOVERNMENT

To

All Departments of Secretariat, Chennai - 600 009.

The Managing Director,
Electronics Corporation of Tamil Nadu Limited,
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The Secretary to Government, Higher Education Department,
Secretariat, Chennai – 600 009.
The Director of e-Governance and Chief Executive Officer,
Tamil Nadu e-Governance Agency,
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Anna Salai, Chennai – 600 002.
The Managing Director, Guidance Tamil Nadu,
Guidance, 11th Floor, Prestige Polygon Towers,
No.471, Anna Salai, Chennai - 600 035.
The Managing Director,
Tamil Nadu Skill Development Corporation,
METROS, 8th Floor, CMRL Building, Anna Salai,
Nandanam, Chennai – 600 035.
The Chairperson, Tamil Nadu Flim Institute,
CIT Campus, Tharamani, Chennai – 600 113.
The Managing Director, FAME TN,
SIDCO Corporate Office, Guindy Industrial Estate,
SIDCO Industrial Estate, Guindy, Chennai – 600 032.
The Chief Executive Office, Tamil Nadu Startup Innovation Mission,
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The Chief Executive Officer, Tamil Nadu Technology (iTNT) Foundation,
3rd Floor, Sir C V Raman Science Block,
Anna University Campus, Kotturpuram,
Chennai – 600 025.

The State Informatics Officer, National Informatics Centre,
E-Wing, First Floor, Rajaji Bhavan,
Besant Nagar, Chennai – 600 090.

Copy to

The Finance (Industries) Department, Secretariat, Chennai – 600 009.
The Principal Private Secretary to Chief Secretary to Government,
Secretariat, Chennai – 600 009.
The Private Secretary to Additional Chief Secretary to Government,
Finance Department, Secretariat, Chennai – 600 009.
The Private Secretary to Additional Chief Secretary to Government,
Micro, Small and Medium Enterprises Department,
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The Private Secretary to Principal Secretary to Government,
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The Private Secretary to Secretary to Government,
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Office of the Hon'ble Minister for Information Technology and
Digital Services, Secretariat, Chennai – 600 009.
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Secretariat, Chennai – 600 009.
The Content Creator (CMS) / Moderator (CMS) / Nodal Officer (CMS),
Information Technology and Digital Services Department,
Secretariat, Chennai – 600 009.
Sf/Sc.

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12/03/2026

SECTION OFFICER

12/03/2026

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I. Preamble

1.1 Introduction

Tamil Nadu, one of India's fastest-growing state economies, is firmly advancing toward its vision of becoming a USD 1 trillion economy by 2030. To achieve this, the State is promoting targeted policy interventions and nurturing both core and emerging sectors that drive high-value growth and create future-ready employment.

Among these, the **Animation, Visual Effects, Gaming, Comics, and Extended Reality (AVGC-XR)** sectors are emerging as transformative engines with wide-ranging applications across media and entertainment, education, manufacturing, healthcare, real estate, tourism, and more.

According to the *Tamil Nadu Vision :1 Trillion* document released by the Hon'ble Chief Minister, the global Animation & VFX industry, valued at ~$160 billion in 2023, is projected to reach ~$300 billion by 2030 (CAGR ~9%). India's share, currently ~$1 billion (2022), is expected to grow sixfold to ~$6 billion by 2030, creating nearly **20 lakh jobs** nationwide. Tamil Nadu, with its strong base of studios and creative talent—particularly in Chennai—can capture up to **20% of the Indian market**, translating to **~2 lakh jobs**.

Beyond economic growth, the AVGC-XR sector enriches society by fostering creativity, cultural expression, ethical reflection, and emotional well-being. As of 2024, the global AVGC-XR industries are valued at over $600 billion. Yet, there are signs of developed regions heading towards market saturation, with rising production costs and talent shortages acting as the headwinds. Much like the inflection point once seen in global manufacturing, India— and Tamil Nadu in particular—has a unique window to lead the next wave of content creation, innovation, and IP-led value generation.

The **Tamil Nadu AVGC-XR Policy** envisions positioning the State as a creative powerhouse where artists, technologists, and storytellers drive a sustainable, inclusive, and innovation-led economy—attracting investments, generating employment, and amplifying Tamil Nadu's contribution to India's global soft power.

1.2. Tamil Nadu - India's Innovation and Growth Powerhouse

Tamil Nadu is India's second-largest state economy with a GDP of USD 420 billion and per capita income of USD 5,447—higher than many developing nations. It leads the country in electronics, automobiles, and textiles exports and is widely recognized as India's *SaaS capital*.

Education & Talent Hub:

Home to 60 universities and 2,500+ colleges, Tamil Nadu has India's highest higher-education enrollment ratio. Of the nation's top 926 institutions, 165 are in Tamil Nadu, producing highly skilled talent in art, engineering, innovation, and research—key to AVGC-XR growth.

Innovation Leader:

Ranked among India's top three innovative states (NITI Aayog), Tamil Nadu ranks #1 in Human Capital and #2 in both Business Environment and Knowledge Diffusion. It also houses India's first deep-tech incubator, the **iTNT Hub** in Chennai.

Thriving Startup Ecosystem:

Recognized as a national "Best Performer" in the State Startup Rankings, Tamil Nadu's startups grew from 2,300 in 2021 to over 12,000 in 2025—an impressive CAGR of 36% (vs. national average of 11%).

Affordable Metro Advantage:

Chennai offers the lowest cost of living among India's six major AVGC-XR hubs, giving employers and professionals a competitive cost edge.

Healthcare Capital:

With 4 doctors per 1,000 people, Tamil Nadu leads India in healthcare access. Chennai's advanced medical infrastructure has earned it the title "Healthcare Capital of India."

Cultural & Tourism Leader:

Tamil Nadu ranks #1 in domestic and international tourist arrivals, driven by its rich heritage, arts, and cultural diversity—fueling creative inspiration for the AVGC-XR sector.

World-Class Connectivity:

The State boasts 4 international airports, 2 domestic airports, 3 major ports, extensive highways, and Chennai's metro network.

Global & Inclusive Environment:

Rooted in the Tamil ethos *"Yaadhum Oore, Yavarum Kelir"* ("All towns are one, all people are kin"), Tamil Nadu hosts India's largest expatriate professional community, offering global- standard infrastructure, international schools, and cosmopolitan living.

1.3. Tamil Nadu - The Creative Capital of India

Tamil Nadu has long been a pioneer in India's media and entertainment landscape. Chennai emerged as a major film production hub in the 1940s, establishing one of India's first film sound stages and supporting the growth of South Indian cinema across Andhra Pradesh, Karnataka, and Kerala.

As a historic trading city, Chennai's early exposure to global media fostered a cosmopolitan creative culture. Through hubs like Moore Market, Ritchie Street, and Burma Bazaar, filmmakers and enthusiasts accessed world cinema, comics, games, and literature—shaping a generation of creators influenced by international storytelling traditions. This exposure gave Kollywood its distinctive blend of realism, depth, and technical excellence, earning Tamil Nadu a reputation for producing some of India's finest film technicians and production talent.

Film Industry: Tamil cinema is India's third-largest, generating over USD 420 million annually—surpassing the Indonesian and Thai industries and ranking just behind Spain. Tamil Nadu also has the country's second-highest number of cinema screens and ranks among the top five states for OTT subscriptions across Netflix, Amazon Prime Video, and Disney+.

Gaming & Comics: Chennai is among India's top three markets for AAA console and PC games, contributing around 30% of national sales. It also hosts one of the most vibrant gaming café and board game cultures. The city remains India's strongest comic book market, with Tamil being the only Indian language in which Franco-Belgian comics are officially distributed.

Anime & Manga: Tamil Nadu is a leading consumer of Japanese anime and manga in India, with Chennai recording the longest theatrical runs for anime films.

Emerging AVGC-XR Hub: Chennai is fast becoming one of India's key AVGC-XR centres, hosting numerous independent game studios, XR startups, and two global-scale VFX companies.

Over decades, these strengths have cultivated a thriving creative ecosystem that continues to inspire new generations—making Tamil Nadu the creative heart of India, where artistic talent, global outlook, and technical excellence converge.

1.4. Overview of Government Development Models for AVGC-XR Sector

International Models

Globally, governments continue to strengthen AVGC-XR industries through targeted incentives. Mature markets such as the UK, France, and Canada offer **25–40% corporate tax rebates** and **production expenditure subsidies**, alongside dedicated **incubation and workspace support**. Emerging players like **Poland and Turkey** have demonstrated rapid progress—becoming global contenders within a decade through **aggressive incentive schemes, IP creation programs, and talent development initiatives**, transforming their domestic industries into exporters of original content.

National Model (India):

India's **National AVGC-XR Policy** envisions the country as a global hub for original IP creation and co-productions. The policy promotes a **decentralized approach**, empowering states to design their own policies aligned with national objectives, supported through institutional mechanisms and funding assistance. To strengthen talent development, the Government of India is establishing the **Indian Institute of Creative Technology (IICT)**—a premier institution on par with IITs and IIMs. The IICT will serve as both the **National Centre of Excellence** and the **implementation agency** for the national policy, expanding across multiple states to create a strong talent pipeline.

Sub-National Models:

Following the national framework, several Indian states are introducing AVGC-XR policies tailored to regional strengths—offering **financial incentives, infrastructure support, education and skilling initiatives, and investor facilitation** to build competitive local ecosystems.

1.5. Need for Policy

The AVGC-XR sector is a key driver of digital innovation with cross-sectoral impact. Crucially, it represents a **future-proof industry** where human creativity, emotion, and cultural experience remain irreplaceable—even as AI advances. This makes AVGC-XR a domain of **high-value, resilient employment**. For Tamil Nadu, this is a strategic opportunity to create a sustainable creative economy through **forward-looking interventions**, positioning the state as a leader in global value chains. Accordingly, the Government of Tamil Nadu proposes to implement a comprehensive policy framework supporting this vision.

1.6. Definitions for the Purpose of this Policy

- **Animation -** Animation is the technique of creating motion or the illusion of motion through the rapid display of a sequence of images, drawings, or 3D models, where each image or frame is slightly different from the one preceding it. These frames, when viewed in rapid succession, simulate movement. Animation can be produced using traditional hand-drawn methods, computer-generated imagery (CGI), stop-motion techniques, or a combination of methods.

- **Visual Effects (VFX) -** Visual Effects is the process by which live-action motion picture or virtual imagery is created, manipulated or enhanced. VFX is primarily used to create scenes that cannot be captured during live-action shooting, whether due to cost, complexity, or danger. These effects may involve the integration of digitally generated elements, practical effects, or matte paintings with live-action footage that is further enhanced by digital intermediate colour grading and other visual post-processing to create realistic or stylised environments, characters, or actions.

- **Online Games** - Any game, which is played on an electronic or a digital device and is managed and operated as a software through the internet or any other kind of technology facilitating electronic communication.

  Online games are further classified as online social games/ video games, online money games and E-sports.

  - **Online video game/ online social game** - An online game which—
    1. does not involve staking of money or other stakes or participation with the expectation of winning by way of monetary gain in return of money or other stakes;
    2. may allow access through payment of a subscription fee or one-time access fee, provided that such payment is not in the nature of a stake or wager;
    3. is offered solely for entertainment, recreation or skill- development purposes; and
    4. is not an online money game or e-sport

- **Online money game -** An online game, irrespective of whether such game is based on skill, chance, or both, played by a user by paying fees, depositing money or other stakes in expectation of winning which entails monetary and other enrichment in return of money or other stakes; but shall not include any e-sports.

  The online money games and online money game services are banned and this policy does not provide any support for any activity that is covered under online money games.

- **E-sports -** An online game which–

  i. is played as part of multi-sports events;
  ii. involves organised competitive events between individuals or teams, conducted in multiplayer formats governed by predefined rules;
  iii. is duly recognised under the National Sports Governance Act, 2025, and registered with the Authority or agency under section 3;
  iv. has outcome determined solely by factors such as physical dexterity, mental agility, strategic thinking or other similar skills of users as players;
  v. may include payment of registration or participation fees solely for the purpose of entering the competition or covering administrative costs and may include performance-based prize money to the player; and
  vi. shall not involve the placing of bets, wagers or any other stakes by any person, whether or not such person is a participant, including any winning out of such bets, wagers or any other stakes.

- **Comics -** Comics are a medium used to express ideas or narratives through a combination of images and text, typically presented in a sequential format. The images are often arranged in panels and are accompanied by dialogues, thought monologues, or captions, which together convey the storyline. Comics may include a variety of formats, such as single strips, graphic novels, or serialised publications. This medium covers both fictional and non-fictional content and is often presented in varied art styles and genres.

- **Extended Reality -** Extended Reality (XR) is an umbrella term that encompasses all immersive technologies that blend the physical and digital worlds, including Virtual Reality (VR), Augmented Reality (AR), and Mixed Reality (MR). These technologies enable the creation of interactive, computer-generated environments or overlays that can be experienced through specialised hardware like headsets, smartphones, or other wearable devices.

    - **Virtual Reality -** Virtual Reality (VR) refers to fully immersive digital environments that replace the user's physical surroundings in a way that the user suspends belief and accepts it as a real environment by stimulating the senses of sight, sound and touch through specialised hardware.

    - **Augmented Reality -** Augmented Reality (AR) is the integration of digital information with the user's environment in real-time by overlaying digital content and information onto the real world, enhancing the user's perception of their environment.

    - **Mixed Reality -** Mixed Reality (MR) is the merging of real and virtual worlds to produce new environments and visualisations where physical and digital objects coexist and interact in real time by combining elements of both VR and AR.

II. Policy Outlook

2.1. Vision

To position Tamil Nadu as a leading AVGC-XR ecosystem of India and make Tamil Nadu a global powerhouse in the sector in terms of trade, content and market recognition.

2.2. Mission

a) Creating a robust AVGC-XR industry ecosystem for attracting investments, nurturing the growth and success of startups & corporations, thereby making the sector a strong contributor in Tamil Nadu's mission towards a $1 trillion economy by 2030.

b) To facilitate high-end, cutting-edge skilling and job creation.

c) To undertake proactive and forward-thinking policy measures conducive to improve the ease of doing business and sectoral promotion.

2.3. Objectives

a) Create a sustainable multiplier effect within the AVGC-XR industry to contribute to the State Government's goal of a $1 trillion economy by 2030.

b) Attract high-profile AVGC-XR investments including VFX studios to Tamil Nadu, as anchor units.

c) Support the creation of at least 200 AVGC-XR startups by 2030.

d) Foster the growth of a minimum of 100 AVGC-XR companies in the State to create a minimum of 20 high-profile companies in terms of revenue.

e) To capture upto ~20% of the Indian market, leading to the creation of of ~2 Lakh jobs.

f) Create a skill development ecosystem including Digital Arts Centres in 300-400 colleges, finishing school with world-class trainers, and annual hackathons to mobilize talent.

g) Achieve a minimum of 60% retention and concentration of AVGC-XR talent pool within Tamil Nadu to ensure companies operating in the State have access to a sizeable local talent pool.

h) Position Tamil Nadu as the AVGC-XR IP Capital of India, contributing at least 20% of the country's original content in AVGC-XR domains.

i) Position Tamil Nadu as the AVGC-XR Real-time Content Development (RCD) Capital of India, accounting for at least 20% of the research inventions created nationwide.

j) Contribute at least 20% of India's AVGC-XR export revenues by 2030.

2.4. Policy Period

The Tamil Nadu AVGC-XR Policy shall remain in effect for a period of five (5) years from the date of its notification, unless otherwise amended or superseded by the Government of Tamil Nadu.

The policy shall be subject to annual performance reviews to assess progress against defined targets and key performance indicators.

A mid-term review shall be conducted at the end of 2nd year to identify the need for any course corrections, budget reallocation, or programmatic adjustments.

2.5. Policy priorities and interventions:

Tamil Nadu has one of the most business-friendly environments in India, as evidenced by its illustrious history of consistently attracting high-profile investments. The Government of Tamil Nadu intends to continue the same approach with AVGC-XR industries through the following interventions and initiatives.

III. Ease of Doing Business & Sector Promotion

3.1. ELCOT AVGC-XR Cell

As a part of the Frontier Technologies and Facilitation Division of ELCOT, a dedicated Facilitation Cell will be established for the AVGC-XR Sector to undertake the following:

a) Business Facilitation Desk:

The Desk shall undertake investment promotion, MoU execution, business facilitation including single window clearances in coordination with Guidance TN, startup support (with StartUp TN & iTNT), skill development (with TNSDC) and after care support.

The Facilitation Cell shall serve as a single point of contact to track, address, and clear incentive applications with real-time support via a helpline during business hours. It shall have team to provide guidance on compliance, IP, software exports, visas, and other statutory/legal requirements.

b) Tamil Nadu AVGC-XR Bridge

A centralized digital intervention on the TN AVGC-XR website will feature:

1) AVGC-XR Business Connect:

Profiles for domestic/international companies and freelancers; integrates academic Technology Transfer Offices to commercialize research.

2) AVGC-XR Talent Connect - Skill registry & freelancer registry:

This shall have profiles for students/professionals and job listings; facilitates industry-academia collaboration for training and recruitment.

A dedicated 'Freelancer Registry' will be created to enhance discoverability by businesses.

Freelancers can register applicable legal provisions including MSME Act to ensure invoice settlement within 45 days, gain legal protections, and access dispute resolution.

c) Business Starter Toolkit for Entrepreneurs

ELCOT along with StartUpTN, will publish a **Digital Toolkit** offering practical guidance for first-time AVGC-XR entrepreneurs on:

- Business structure selection
- Incorporation and registration
- Banking setup
- Startup/MSME recognition
- Compliance, contracts, and taxation
- HR, payroll, and team-building

The toolkit will be downloadable from the TN AVGC-XR website and regularly updated to reflect regulatory and startup support changes.

d) Tamil Nadu Single Window Portal

ELCOT will facilitate single window clearances through the Tamil Nadu Single Window Portal operated by Guidance Tamil Nadu, which offers access to over 200 services spanning 40+ government departments and agencies. This ensures a time-bound, seamless process for obtaining necessary approvals and clearances. Pipelines will be set in place to ensure the applications are cleared in 30 days.

3.2. Sector Promotion - Hosting High-Profile Industry Conferences

High-profile industry conferences play a key role in developing local talent. AVGC-XR conferences, with technical workshops led by global experts, provide participants with cutting-edge knowledge, career guidance, and mentorship opportunities. To make these benefits accessible to Tamil Nadu's youth, the state will actively attract major AVGC-XR conference organizers and offer a dedicated financial incentive of upto INR 40 Crores over five years (INR 8 Crores per year).

Tamil Nadu Young Creative Awards

An annual competition under **“Umagine TN”** to showcase student creativity and technical skills in AVGC-XR.

Awards:

- Winner: ₹1,00,000 | Runner-up: ₹50,000
- Institutions with most winning entries will also be recognised.

Categories: Animated Short • VFX Short • Video Game • Comic Book • XR Content Experience

3.3. AVGC-XR in Government

The AVGC-XR sector can significantly enhance government initiatives in tourism, education, skill training, outreach, public works, and cultural promotion. Tamil Nadu aims to be an early adopter, fostering public-private collaboration to drive industry growth, innovation, and Real-time Content Development (RCD). To streamline adoption:

a) The ELCOT Facilitation Cell will promote the policy across departments and showcase AVGC-XR applications.

b) Interested departments will appoint a coordination officer to liaise with the AVGC-XR Cell, identify partners, and act as a single point of contact with AVGC-XR companies.

IV. Legal & Regulatory framework

4.1. Conducive Regulatory Framework: Administrative & Labour Norm Relaxations

To foster a business-friendly environment for AVGC-XR companies in Tamil Nadu, the government will streamline compliance, reduce administrative burdens, and offer industry-specific labour law relaxations.

a) **Exemptions:** AVGC-XR companies will be exempt from the following provisions:

i. Tamil Nadu Shops and Establishments Act, 1947 – Chapters II & III (relating to work hours, breaks, and opening/closing times).

ii. Tamil Nadu Industrial Establishment (National and Festival Holidays) Act, 1958 – Section 5 (2)(a)(i) and (ii) (relating to mandatory festival holiday provisions).

b) **Self-Certification:** To reduce administrative complexity, AVGC-XR companies will be allowed to self-certify compliance for the following regulations:

i. Tamil Nadu Shops and Establishment Rules, 1948

ii. Tamil Nadu Maternity Benefits Rules, 1967

iii. Tamil Nadu Contract Labour (Regulation and Abolition) Rules, 1975

iv. Tamil Nadu Payment of Wages Rules, 1937

v. Tamil Nadu Payment of Gratuity Rules, 1973

vi. Tamil Nadu Minimum Wages Rules, 1948

c) **Annual e-returns:** Companies can submit combined annual returns through e-filing under:

i. The Tamil Nadu Payment of Wages Rules, 1937

ii. The Minimum Wages (Tamil Nadu) Rules, 1953

iii. The Tamil Nadu Maternity Benefit Rules, 1967

iv. The Tamil Nadu Payment of Bonus Rules, 1975

v. The Tamil Nadu Contract Labour (Regulation and Abolition) Rules, 1975

vi. The Inter-State Migrant Workmen (Regulation of Employment and Conditions of Service) (Tamil Nadu) Rules, 1983

vii. The Tamil Nadu Industrial Establishments (Conferment of Permanent Status to Workmen) Rules, 1981

viii. The Tamil Nadu Payment of Subsistence Allowance Rules, 1981

d) **Women in night shifts:** Employment of women in night shifts is to be allowed only with the written consent of the employee and arrangement of safe transportation facilities.

4.2. Legislative framework:

In alignment with the global best practices, the Government of Tamil Nadu will adopt the following measures:

a) The Information Technology and Digital Services Department shall be the nodal department for AVGC-XR sector in Tamil Nadu. ELCOT, shall be the nodal agency for sector, including investment promotion and facilitation of E-Sports industry.

b) The Youth Welfare and Sports Department and the Sports Development Authority of Tamil Nadu shall be the nodal department and agency respectively for **conduct** of E-Sports, recognition of E-Sports bodies and promotion of playing of E-Sports.

c) The Online Money Games will be regulated by the Tamil Nadu Online Gaming Authority.

d) The designated State departments will work in close coordination with the concerned institutions at the national level to streamline governance and amplify support mechanisms to the industry.

4.3. Proposal to amend National Industrial Classification

All online games are currently classified under NIC 58203, a category that is classified as high-risk due to concerns related to financial irregularities and consumer grievances associated with money games.

The current blanket approach affects companies in the video games sector, as they face difficulties in opening current accounts, accessing payment gateway services, and facilitating cross-border transactions. This creates an unnecessary burden on the video game industry, which operates with a distinct business model.

Government of Tamil Nadu will recommend to the Government of India to amend the National Industrial Classification (NIC) by assigning distinct codes for online video games/ online social games and online money games.

4.4. Awareness on Age Ratings & Parental Controls

As AVGC-XR content becomes more accessible to younger audiences, Government of Tamil Nadu intends to do this with light-touch mechanisms that won't affect the nascent industry, but at the same time, safeguard consumer interests through a media literacy campaign that sensitises parents, educators, and the youth. As AVGC-XR content reaches younger audiences, Tamil Nadu will promote safe and responsible media use through a light-touch media literacy campaign. It will focus on:

a) Using parental controls to manage age-appropriate content, screen time, and in-app purchases.
b) Understanding age ratings and content classifications for informed choices. Awareness videos in Tamil, distributed via government channels.

V. Infrastructure Development - Centre of Excellence

An announcement has been made by the Hon’ble Minister for Finance during his speech on Budget 2025-2026 that “ELCOT - Viyan AVGC-XR Centre of Excellence” will be set up in Chennai as a hub and spokes at Coimbatore, Madurai, Tiruchirappalli, Salem and Tirunelveli regions over the next three years. CoE will act as a bridge between large market players and MSMEs and freelancers. It will also work on enhancing MSME capabilities and competitiveness by ensuring equitable access to infrastructure, technology, and data. The development of physical infrastructure will be carried out in two phases to address the immediate and long-term requirements.

a) **Phase I** – A plug – and – play facility will be established in Chennai to enable rapid operationalisation and early ecosystem engagement.

b) **Phase 2** – Establishment of regional spokes in Coimbatore, Madurai, Tiruchirappalli, Salem and Tirunelveli.

c) **Phase 3** - A purpose-built, large-scale AVGC-XR Hub will be developed at the CMRL Tower, Vadapalani or at an appropriate location as identified.

ELCOT-Viyan AVGC-XR CoE Hub (Chennai)

Phase 1

a) Plug-and-Play Private Offices
b) Meeting Rooms
c) Event & Screening Hall
d) Performance Capture Studio with Green Matte Facility
e) Market Intelligence & Data Analytics Lab
f) Hardware Rentals Lab
g) XR Testing Lab
h) Immersive Writer’s Room

Phase 2

a) All Phase 1 facilities, but with significantly higher capacity
b) Higher & Vocational Education Centre
c) Photogrammetry Studio
d) Audio & Foley Services Studio

e) 3D Art Services Studio
f) 2D Art Services Studio
g) Quality Assurance & Software Porting Services Studio

ELCOT-Viyan AVGC-XR CoE Spokes

The CoE Spokes will be implemented in phases in identified institutions across 5 zones in the State such as Coimbatore, Madurai, Tiruchirappalli, Salem and Tirunelveli. The spokes will act as a regional common facility centre, training and skill development centres and finishing schools. They will also provide plug – and – play spaces and common amenities to supports MSMEs in the region.

With specific focus on supporting MSMEs, the CoE will provide:

a) **Subsidised Utility Rates:** Affordable rent, utilities, and maintenance to help MSMEs and startups access world-class facilities without heavy overheads.

b) **Reduced Entry Barriers:** The Government of Tamil Nadu will fund key studio equipment within the CoE, easing capital constraints for MSME vendors and enabling them to offer competitive, high-quality services.

c) **Access to Data & Market Intelligence:** A dedicated Market Intelligence Lab will offer open-licensed access to premium data analytics tools, empowering MSMEs to make informed, data-driven decisions and compete globally.

VI. Skill Development and Education

Tamil Nadu has been a leading source of skilled talent for the AVGC-XR sector across India. Building on this strength, the Government aims to position the State as **India's premier hub for AVGC-XR education and talent development**, through the following initiatives:

6.1. Introducing AVGC-XR in School Education

Creativity, design thinking, and aesthetics are as vital as language and science. To nurture these from an early age, the Government will:

- Integrate AVGC-XR-related subjects and modules into the Tamil Nadu State Board curriculum.
- Conduct workshops and seminars in partnership with industry stakeholders to help students identify and develop creative potential.

6.2. Revamping AVGC-XR Courses in Higher Education

The Tamil Nadu Council for Higher Education and the Tamil Nadu Skill Development Corporation will develop **standardised curricula** for undergraduate, diploma, and elective programs in the following eight AVGC-XR streams:

1. 2D Art & Animation 2. 3D Art & Animation 3. Visual Effects 4. Game Design

5. Game Programming 6. Game Art 7. Extended Reality

8. Media Production & Communication

Key focus areas:

a) Integrate AVGC-XR electives within **credit-based elective modules within mainstream degree programs,** such as Computer Science Engineering, Visual Communication, Communication Design, Business Administration, Commerce, etc.

b) Add AI/ML applications in AVGC-XR content development.

c) Pursue alignment with the Indian Institute of Creative Technology and national bodies for accreditation.

d) Promote **project-based learning** and flexible evaluation over traditional exams.

6.3. Science & Technology Schemes

The Tamil Nadu State Council for Science and Technology (TNSCST) offers various schemes for final year students and researchers to encourage independent research in Science, Technology, Engineering and Mathematics disciplines. Schemes such as Student Project Scheme, Science and Technology Projects, Young Scientist Fellowship scheme, Tamil Nadu Scientists Award, Innovation and Product Development provide assistance and scholarship to selected candidates who successfully demonstrate novelty in ideas that have a substantial impact on society. AVGC-XR sector will also be provided such support under this program. The proposals that are aligned with Grand Challenges and have a potential for commercialization will be further supported with additional financial support.

6.4. Naan Mudhalvan – AVGC-XR Inclusive Scholarship Program

To make creative education more accessible and inclusive, the Government will launch dedicated **scholarships for underrepresented groups**:

a) **Full Scholarships (60 students/year):** For candidates from SC/ST communities, transgender individuals and persons with disabilities.
   - Tuition Fees up to ₹2,00,000 per year

b) **Partial Scholarships (110 students/year):** For candidates from OBC/MBC/DNC, women from all categories (except above)
   - Tuition Fees up to ₹1,00,000 per year.

This shall be applicable to all recognised private institutions offering AVGC-XR courses, until public institutions begin similar programs.

6.5. Naan Mudhalvan–*Kalloori Kanavu* Career Awareness Campaigns

To improve awareness and access for all school students across the State to choose AVGC-XR sector as a career option,

a) Publish a **bilingual (Tamil & English)** booklet on AVGC-XR career pathways, scholarships, and education opportunities.

b) Conduct **virtual and on-ground workshops** in schools, with industry participation.

This will broaden exposure and encourage students across Tamil Nadu to pursue creative careers.

6.6. Professor of Practice (PoP) Incentive Program

To bridge the gap between academia and industry expertise:

a) Institutions may claim a **50% rebate on payroll costs**, capped at ₹15 lakhs per annum per institute, for hiring industry professionals as Professors of Practice.

b) Applicable only to AVGC-XR programs aligned with the new curriculum.

c) Limited to one Professor of Practice per institution per year.

d) Incentive will be released only upon certification by the Head of Institution that the engagement is aligned with approved AVGC-XR curricula and measurable teaching outputs.

6.7. Train the Trainer Incentive Program

To strengthen faculty capabilities:

a) Institutions may claim a **50% rebate (up to ₹15 lakhs per annum)** for engaging industry experts to train faculty members.

b) Applicable to AVGC-XR courses adopting the new curriculum.

c) Available for upto 2 training programs per institution per year and reimbursement shall be based on defined training outcomes and certification of faculty participation, as certified by the head of the institution.

6.8. International Faculty Program Incentive

To bring global expertise to Tamil Nadu's classrooms:

a) The Government will sign MoUs with reputed international institutions for **short- term faculty exchanges (2 weeks to 30 days)**.

b) Participating institutions may recover a portion of travel and honorarium costs through rebates.

c) Reimbursements be restricted to essential costs only and limited to short-duration engagements linked to approved AVGC-XR programs.

d) Will be provided for upto one training per year per institution, subject to a cap of Rs.15,00,000.

Benefits:

1. Access to global pedagogy and curriculum innovation.

2. Enhanced research rigor and academic benchmarking.
3. Direct exposure for students and faculty to international best practices.

6.9 AVGC-XR Desks in Public Libraries

To democratise access to global knowledge:

- The Government will procure world-class AVGC-XR books for distribution to select public libraries.
- Industry experts will curate the collection to ensure alignment with evolving skill needs.

VII. Incentives for AVGC-XR Businesses

7.1. Dedicated Spaces in TIDEL NEO Parks:

Spaces in TIDEL NEO Parks will be prioritized on need basis for AVGC-XR companies, especially for Start-Ups and MSMEs, enabling seamless industry co-location and collaboration.

7.2. AVGC-XR Venture Funds - Tamil Nadu Emerging Sector Seed Fund (TNESSF):

AVGC-XR companies are eligible for funding under the Tamil Nadu Emerging Sector Seed Fund (TNESSF), a SEBI registered CAT-I AIF set up with an anchor investment of Rs. 50 Cr. The fund is sponsored by TIDCO, TIDEL and managed by TNIFMC.

7.3. Research & Technology Fund (R&T Fund):

A Research & Technology Fund with a corpus of Rs. 100 crore has been proposed in the Tamil Nadu Industrial Policy 2021 and Tamil Nadu Research & Development Policy 2022 to support research and technology adoption in sunrise sectors. This fund is being operationalized with an addition of Rs.150 crore to fund R&D activities in the private sector. The fund shall be used to aid Contract/Industry-sponsored research and standalone industrial Real-time Content Development (RCD) projects in the State operating in AVGC-XR segments aligned with Grand Challenges. This shall also support AVGC-XR interventions in industrial design and manufacturing.

R&D in Computer Graphics, Software Engineering, AI & Machine Learning and Data Analytics that aid in breakthrough advancements of AVGC-XR content development, content delivery/consumption, market intelligence/business insights & data tracking methodologies will be supported.

The eligibility and operational methodology will be in in the same manner as advocated in the Tamil Nadu Industrial Policy 2021 and Tamil Nadu Research & Development Policy 2022.

7.4. StartUp Funds:

AVGC-XR StartUps are eligible to avail funding under the following funds:

a) TANSEED
b) TANFUND
c) Tamil Nadu SC/ST StartUp Fund
d) iTNT Foundation Fund
e) ‘Digital Accelerator’ scheme under Yaadhum Oorae with American Tamil Entrepreneurs Association (ATEA) to promote start-ups investing from the US in TN from various fields will be provided to AVGC-XR StartUps also. A support of up to Rs.1 crore per start-up will be provided.

7.5. IP- Collateralisation:

In most industries, design and intellectual property (IP) contribute about 50% to the value chain; in AVGC-XR, this exceeds 80%. Yet, media and entertainment IPs in India are not recognised as collateral for business loans, limiting access to finance despite their growing resilience compared to tangible assets.

To bridge this gap, the Government of Tamil Nadu will leverage the **Tamil Nadu Industrial Investment Corporation (TIIC)** to classify **AVGC-XR as a supported sector** and establish a dedicated funding mechanism for the sector.

This pioneering initiative will provide **term loans against intellectual properties**, enabling IP-driven companies—particularly MSMEs—to access credit without relying on physical assets, thereby fostering innovation and business scalability in the State's creative economy. TIIC in consultation with ELCOT will establish the validation and valuation process of IPs for loan collateral, a process that will be designed by taking into account key parameters, including:

a) Verification of IP ownership and legal rights.

b) Evaluating past revenue generated by the IP.

c) Assessing future revenue potential through confirmed agreements and productions.

d) Engaging accredited third-party IP valuation firms for an independent assessment.

This framework will ensure a fair and rigorous process for collateralising IPs, thereby unlocking access to capital for this sunrise sector and serve as a blueprint that can be expanded country-wide. The commencement of this initiative will be announced at a future date.

7.6. Centres of Excellence for Emerging Technologies - PPP :

The scheme for establishment of Centres of Excellence with private partners, presently provided for manufacturing sector, shall be extended to the AVGC-XR sector also, through Tamil Nadu Industrial Development Corporation (TIDCO).

This will enable global players to establish their centres in Tamil Nadu and to nurture the development of local ecosystem.

7.7. Intellectual Property

To realise the vision of making Tamil Nadu the Entertainment IP Capital of India, the Government will incentivise startups and MSMEs to prioritise intellectual property creation and protection. AVGC-XR companies with registered offices and operations in Tamil Nadu will be eligible for the following:

a) 100% rebate on IP filing and legal consultation costs, capped at ₹20 lakhs for international filings and ₹8 lakhs for domestic filings per sanction, per company, per year.
b) Each company may avail up to five sanctions during the policy period.
c) Copyrights, trademarks, and patents pertaining to the same IP will be treated as a single sanction.

7.8. Market Access Incentive

Participation in domestic and international industry conferences, expos, and festival offers AVGC-XR MSMEs valuable opportunities for market expansion, funding, partnerships, learning, and global visibility. Expanding into international markets such as **North America, Europe, and East Asia** is critical for Tamil Nadu's AVGC-XR companies but remains cost-prohibitive due to marketing and PR expenses.

However, high participation costs often limit access. To support wider participation and to facilitate global outreach, the Government of Tamil Nadu will provide:

- **50% rebate** on eligible expenses, capped at **₹15 lakhs per company per year**, with up to **four applications** allowed annually.
- **Eligible** expenses include **delegate/exhibitor passes, stall rentals, travel, visa, and accommodation**, subject to submission of valid invoices certified by a chartered accountant.
- The **incentive** will be available for MSMEs/ StartUps that are not more than 5 years old from the date of incorporation.

VIII. Structured and Special Package of Incentives

8.1. Structured Incentive package for AVGC-StartUps - Tamil Nadu Art Innovators Program:

Like the film industry, the AVGC-XR sector faces distinct financing challenges, as its business models often fall outside traditional venture capital frameworks. Due to the sector's nascent stage and lack of precedents, access to capital remains limited.

International publishers typically invest only after reviewing a high-quality Minimum Viable Product (MVP), which bootstrapped startups struggle to create—hindering IP development and scaling.

To bridge this funding gap, the Government of Tamil Nadu, will launch the "Tamil Nadu Art Innovators Program" to wherein AVGC-XR StartUps will also be made eligible for funding under the existing StartUp Funding Schemes such as TANSEED and TANFUND.

The incentives shall be provided to individual units on case to case basis and subject to the terms and conditions of the respective StartUp schemes.

The Tamil Nadu AVGC-XR Bridge will also complement the **"Tamil Nadu Innovators"** initiative by matching MVPs and content produced under this program with international publishers, production houses, and distributors, unlocking opportunities for additional production funding, global distribution, and expanded marketing.

8.2. Structured Package of Incentives for AVGC-XR MSMEs:

These incentives are aimed at enabling the growth of AVGC-XR companies and catalyse a surge in original content production or attract significant contract work, such that there are direct contributions to the State's development index by improving employment and skill development opportunities, as well as contributing to the State economy.

These incentives will reduce production budget and improve cash flows, thereby turning AVGC- XR companies investment-friendly in the view of publishers and production houses. It also empowers them to bid competitively for contracts, thereby attracting more investments and contracts into the State.

Qualifying Expenses

All incentives as provided under the Tamil Nadu R&D Policy 2022 to R&D and GCC companies

- Training Incentive
- Costs of certifications - TPN, ISO, PEGI, ESRB, CERO, Developer Certificates from Android, iOS, Steam and Epic Game Store.
- Intellectual Property Incentive
- GST Refund on Capital Goods
- Innovation Lab Incentive
- License Cost Incentive

8.3. Special and Structured Package of incentives for Large & Mega Scale AVGC-XR Companies:

In order to rapidly build a robust end-to-end ecosystem to transform Tamil Nadu into a global hub for AVGC-XR industries, a Structured or Special package of incentives will be provided by the Government.

Unlike IT, ITeS, or manufacturing, the AVGC-XR domain is a very high-margin sector as it does not depend on large employee headcounts or substantial capital expenditure. Therefore, the eligibility criteria and incentive structure have been adjusted to ensure relevance and effectiveness.

	Large Scale Company	**Mega Scale Company**
Eligibility Criteria for Companies to avail the Incentives	Employ a minimum of 80 personnel if setting up operations in the A Districts. Or Employ a minimum of 40 personnel if operations are set up in the 'B' Districts.	Employ a minimum of 120 personnel if setting up operations in the 'A' Districts. Or Employ a minimum of 80 personnel if operations are set up in the 'B' Districts.

Incentives:

The incentives will be finalised on a case-to case basis depending upon the quantum of investment proposed, employment generation, and anchor impact on the State's AVGC ecosystem. The incentives include but not limited to the following.

a) Pay Roll Incentive
b) Capex incentive (EFA)
c) Lease / Rent incentive
d) Stamp Duty exemption
e) Electricity tax / tariff incentives
f) One-time Green energy subsidy

Eligible Fixed Assets (EFA):

PC workstations, laptops, dev kits and test kits, perpetual software licenses, local server, custom router and networking, power backup, furniture and air-con.

Eligibility:

a) The applying company must have its registered office and operations in Tamil Nadu.

b) Companies need to meet the stipulated number of direct employees to claim incentives.

c) Direct employment under these incentives refers to full-time employees involved in core and supporting roles and shall exclude the Board of Directors and all Key Managerial Personnel (KMP) as defined in the Companies Act, 2013.

d) Eligible companies shall approach the ELCOT Facilitation Cell for submission of project proposals. Proposals will be reviewed by the Cell and submitted to the Inter-Departmental Committee constituted by the Government of Tamil Nadu for approval.

e) The rebates will be disbursed to the companies at the end of each financial year for up to a maximum of three financial years.

IX. Policy Implementation Framework

9.1. Nodal Agency

The Electronics Corporation of Tamil Nadu Limited (ELCOT) under the Information Technology and Digital Services Department, Government of Tamil Nadu, shall function as the nodal agency for the AVGC-XR sector and implementing this Policy.

The ELCOT AVGC-XR Cell, as detailed in Section 3 will coordinate for all Government initiatives and interventions in the sector.

All incentives under this policy will be administered through ELCOT. The standard incentives shall be sanctioned and released through ELCOT. The structured package of incentives shall be proposed by ELCOT, reviewed by the Inter-Departmental Committee (IDC) constituted for this purpose, which will then be recommended to the Cabinet for approval.

9.2. AVGC-XR Steering Committee

The AVGC-XR Steering Committee shall be the apex body to monitor policy implementation, to conduct periodic review, issue clarifications and to remove difficulties, if any, in the interpretation/ implementation of the policy. The committee may meet atleast once in six months, (preferably in the months of September and March) or as and when necessary.

S. No	Designation	Role
1	Principal Secretary to Government, Information Technology and Digital Services Department	Chairperson
2	Additional Chief Secretary to Government, Finance Department, or his representative	Member
3	Principal Secretary to Government, Higher Education Department, or his representative	Member
4	Managing Director, Guidance Tamil Nadu	Member
5	Director, E-Governance, Government of Tamil Nadu	Member
6	Managing Director, Tamil Nadu Skill Development Corporation	Member

7	Chairperson, Tamil Nadu Film Institute	Member
8	Managing Director, FAME TN	Member
9	CEO, iTNT – Tamil Nadu Technology Hub	Member
10	CEO, Tamil Nadu StartUp and Innovation Mission	Member
11	CEO, Viyan AVGC CoE	Member
12	Managing Director, ELCOT	Member Convenor

Invitees:

1	Representative of the Animation Industry	Invitee
2	Representative of the VFX Industry	Invitee
3	Representative of the Games Industry	Invitee
4	Representative of the Comics Industry	Invitee
5	Representative of the XR Industry	Invitee
6	A nominee of IIT-Madras/ Anna University/ reputed academic institution having expertise in the sector.	

The Committee shall undertake the following functions -

a) Monitoring and review of policy planning & implementation
b) Quarterly review meetings on policy implementation
c) Comprehensive annual evaluation of the policy outcomes
d) Amendments to the policy and/or operating guidelines

The Chairman of the Committee may invite other officials or representatives, as may be appropriate for the deliberations of the Committee.

9.3. Inter-Departmental Committee:

The Inter-Departmental Committee (IDC) constituted under the Tamil Nadu Industrial

Policy 2021 will examine the incentive proposals under this policy with the following composition for the purpose of approving the structured incentive package:

S. No	Designation	Role
1	Principal Secretary to Government, Information Technology & Digital Services Department	Chairperson
2	Secretary to Government, Industries, Investment Promotion & Commerce Department, or his representative	Member
3	Additional Chief Secretary to Government, Finance Department, or his representative	Member
4	Commissioner, Commercial Taxes or his representative	Member
5	Managing Director, Guidance Tamil Nadu	Member
6	Director, e-Governance	Member
7	Managing Director, ELCOT	Member-Convenor

The Chairperson, at his discretion, may invite any other Government institution, as found relevant and appropriate, as an Invitee. Based on the recommendation of the IDC, the Cabinet may sanction the Structured Package of Incentives.

9.4. Policy Monitoring & Evaluation Methodology

This section elaborates on the process that will be practiced to monitor and evaluate the effectiveness of Tamil Nadu's AVGC-XR Policy.

The admin backend of the AVGC-XR Website will come with dashboards, smart tracker boards, analytics, and visualisation tools, and will be further augmented with automation APIs, smart filtering, tagging and AI-based features to simplify verification, monitoring and evaluation processes and significantly boost the efficiency of policy implementation given the scale of expected application submissions.

Key Performance Indicators

- Growth in the number of institutes offering newly introduced AVGC-XR courses.
- Increase in enrollment rates in AVGC-XR higher education programs.
- Rise in the number of newly registered AVGC-XR companies each year.
- Year-on-year growth in AVGC-XR employment figures.
- Increase in the development and market release of original IP-based AVGC-XR content.
- Annual Increase in high-value international and domestic AVGC-XR B2B contracts secured.
- Sustained revenue and profitability growth of AVGC-XR companies.

Evaluation Method

- Annual surveys and data collection from industry stakeholders and from the TN AVGC-XR website.
- Quarterly review meetings with the AVGC-XR Board of Advisors & Cell.
- Comprehensive annual evaluation with the AVGC-XR Board of Advisors & Cell.

Annexures

Annexure A - Operating Guidelines – Ease of Doing Business

1. Sector Promotion- Hosting High Profile Industry Conferences

A. Eligibility Criteria

i. The conduct of conference must have been in existence for at least 5 years.

ii. The conference must have attracted at least 3,000 delegates in the most recent edition (footfalls attributable to free passes or free entry to the expo or any other section of the conference will not be considered).

iii. At least 15% of the speakers in the most recent edition must have been international.

iv. The conference must have a dedicated B2B platform that connects companies with investors/publishers/broadcasters, etc.

v. The organizers must agree to host the conference in Chennai for 5 consecutive years.

B. Verification Documents

Items	Required Documents
Verification Document for Conference's Establishment	Dated Press Coverage from the year 1 of the conference
Verification Document for Conference's Operations	Dated Press Coverage for the last 5 years
Verification Document for Conference's Delegate Footfalls	Delegate registration/pass sales database (in spreadsheet format) of the most recent edition, videos and photos of the conference
Proof of International Speaker Engagement	Speaker database + videos of the sessions in which international speakers are present from the most recent edition.

C. Application & Approval Process

i. ELCOT will select AVGC-XR conference organizers/industry associations in India to conduct discussions and gauge interest.

ii. Interested parties are to submit their Expression of Interest.

iii. ELCOT in its sole discretion will select a proposal, following which the signing of the MoU will be arranged.

6.4. Naan Mudhalvan- Inclusive AVGC-XR Scholarship Program

A. Eligibility Criteria

i. The applicant must have secured admission to a full-time AVGC-XR-related undergraduate program in an institution in Tamil Nadu that is affiliated with a State University.

ii. The applicant must be domiciled in Tamil Nadu.

B. Verification Documents

Items	Required Documents
Verification Document for Student Identity & Domiciliation	Voter ID or Birth Certificate
Verification Document for Community Category	Government issued Community Certificate
Verification Document for Course Admission	Official admission letter from the institution
Verification Document for Academic Performance	Annual grade sheet
Verification Document for Tuition Fees	Invoice from the Institution

C. Application & Disbursal Process

i. The annual call for applications will be published on the TN AVGC-XR website before the start of the academic year.

ii. Students must apply online by filling out the Scholarship Application Form and uploading all relevant verification documents.

iii. Upon verifying and receiving acknowledgement from the college, the ELCOT Facilitation team will approve the scholarship and communicate the same to the student via the dashboard on the TN AVGC-XR website and through email.

iv. Tuition Fees will be transferred directly to the college/university on behalf of the student upon verification.

v. The government-procured laptop will be provided to the awarded student.

vi. Colleges must submit a Renewal Form at the end of each academic year, along with performance records showing satisfactory progress (minimum passing grade) to renew the annual scholarship towards Tuition Fees.

6.6 Professor of Practice & 6.7 Train the Trainer Incentives

A. Range of Incentives

i. Rebate of 50% up to a cap of INR 15 Lakhs per annum per institute incurred in the payroll of Professors of Practice (PoP).

B. Eligibility Criteria

i. Higher Education Institutes must have a campus registered and operating in Tamil Nadu.

ii. Online Training & Diploma Centres must be registered and operating in Tamil Nadu.

iii. The incentive is exclusively for AVGC-XR programs aligned with the new curriculum.

iv. Eligibility is contingent on institutions implementing the curriculum designed by the TN AVGC-XR Policy Advisory Committee.

v. Only professionals actively working in the AVGC-XR companies can be contracted as trainers.

C. Verification Documents

Items	Required Documents
Verification Document for Institution Incorporation & Registered Business Location	Information on Registrar of Companies Database, Certificate of Incorporation and GST Certificate
Verification Document for Trainer Expenses	Form 26AS and TDS certificate
Verification Document for Trainer's Occupation	Bank statements + Official Experience Letter (for professionals) or Director Identification Number

	(for entrepreneurs/employers)
Verification Document for Course Implementation	Information verifiable through Board of Studies & UGC Database

D. Incentive Application & Disbursal Process

i. The TN AVGC-XR Website will have a dedicated portal for applying for the Train the Trainer and Professor of Practice Incentives. Institutes can submit the above-mentioned verification documents along with their banking details on the portal and track the application status from the website.

ii. Updates will be communicated via the applicant's dashboard on the TN AVGC-XR website and email.

iii. The rebates will be disbursed to the applicants at the end of the financial year.

6.8. International Faculty Program Incentive

A. Eligibility Criteria

i. The Higher Education Institute must have a campus registered and operating in Tamil Nadu and must be offering AVGC-XR courses.

ii. Must have an active MoU with an international institutions with a recognised AVGC-XR program.

iii. Visiting international faculty must be employed or affiliated with the partner international institution at the time of the visit.

iv. Faculty visit may involve upto 2-week teaching module, with well-defined learning objectives and outcomes.

v. The teaching module should contribute to curriculum innovation, student learning, and faculty development.

vi. Modules must be conducted on-site at the Tamil Nadu institution (not virtual) only.

B. Verification Documents

Items	Required Documents
Verification Document for Institution Incorporation & Registered Business Location	Information on Registrar of Companies Database, Certificate of Incorporation and GST Certificate
Verification Document for Academic Partnership	Form 26AS, Signed MoU copy (with dates, signatories, and purpose)
Verification Document for Visiting Faculty's Identity & Affiliation	A letter from the international partner institution confirming name, designation, and module intent
Verification Document for Course Implementation	Information verifiable through the Board of Studies & UGC Database
Verification Documents for Proof of Expenses	Dated invoices, pay slips and bank statement
Verification Document for Proof of Visit Completion	Attendance logs, photos/videos of sessions, and student feedback summary

C. Incentive Application & Disbursal Process

i. The TN AVGC-XR Website will have a dedicated portal for applying for the International Faculty Program Incentives. Institutes can submit the above-mentioned verification documents along with their banking details on the portal and track the application status from the website.

ii. Updates will be communicated via the applicant's dashboard on the TN AVGC-XR website and email.

iii. The rebates will be disbursed to the applicants at the end of the financial year

VIII. Structured and Special Package of Incentives

A. Incentive Application & Disbursal Process

i. The TN AVGC-XR Website will have a dedicated portal for applying to the Structured Incentive Package. Eligible companies can submit the above-mentioned verification documents along with their banking details on the portal and track their application status from the website.

ii. ELCOT after due evaluation, shall share the proposals to the IDC for consideration. The IDC in return will evaluate the proposals and recommend them to the cabinet for approval

iii. After due evaluation, status of the application will be communicated via the applicant's dashboard on the TN AVGC-XR website and email.

iv. The rebates will be disbursed to the applicants at the end of each financial year for up to three financial years.

B. Categorisation of Districts

Category	Districts
A	1. Chennai 2. Chengalpattu (Pallavaram Taluk, Tambaram Taluk) 3. Tiruvallur (Avadi Taluk, Poonamalle Taluk). 4. Coimbatore City
B	1. Chengalpattu (Chengalpattu Taluk, Cheyyur Taluk, Thirukkalukundram Taluk, Madhuranthankam Taluk, Thirupporur Taluk, Vandalur Taluk). 2. Kancheepuram 3. Tiruvallur(Tiruvallur Taluk, Gummdipoondi Taluk, Pallipattu Taluk, Ponneri Taluk, R.K.Pettai Taluk, Tiruttani Taluk, Uthukkotai Taluk) 4. Coimbatore (Except Coimbatore City) 5. Erode 6. Karur 7. Madurai 8. Namakkal 9. Ranipet 10. Salem 11. Tiruchirappalli 12. Tirupur

	13. Tirunelveli 14. Hosur City 15. Vellore

In case of notification of new districts during the policy period, the District Category of the parent district (in case of sub-division) or a majority of the constituent district by area (in case of merger or re-division), shall apply, or as notified by the Government.

எல்காட் ELCOT

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GOVERNMENT OF TAMIL NADU

INFORMATION TECHNOLOGY & DIGITAL SERVICES DEPARTMENT

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